



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

February 11, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in cursive script, appearing to read "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **COMMUNITY AND SENIOR SERVICES – CONTRACT REVIEWS OF
AMERICAN RECOVERY AND REINVESTMENT ACT EMERGENCY
CONTINGENCY FUNDS SUMMER YOUTH EMPLOYMENT PROGRAM
SERVICE PROVIDERS SUMMARY**

At the request of Community and Senior Services (CSS), we completed program, fiscal and administrative contract reviews of all 16 American Recovery and Reinvestment Act Emergency Contingency Funds Summer Youth Employment Program (ECF SYEP) service providers.

The ECF SYEP provides work-based training for eligible youth and young adults between the ages of 14 – 24. The goal of the program is to encourage youth to remain in school, develop career goals and secure employment. As part of our review, we visited 65 (9%) of the 721 ECF SYEP worksites during August and September 2010. ECF SYEP contractors were compensated on a cost-reimbursement basis. CSS paid the 16 contractors approximately \$12.7 million in ECF SYEP funds.

Review Summary

We identified \$38,349 in questioned costs billed to the ECF SYEP. Specifically, of the 16 contractors:

- Three (19%) contractors inappropriately charged \$4,183 to ECF SYEP for unallowable expenditures.

- Two (13%) contractors charged \$1,519 to ECF SYEP for expenditures that were not adequately supported by appropriate documentation.
- Three (19%) contractors used inappropriate or unsupported methods to allocate \$32,647 in shared program costs to ECF SYEP.

In addition, the ECF SYEP contractors did not always comply with other ECF SYEP and County contract requirements. For example, of the 16 ECF SYEP contractors:

- Two (13%) contractors did not prepare Worksite Supervisor Manuals in compliance with the County contract.
- One (6%) contractor did not always document the worksite monitoring results.
- Three (19%) contractors did not obtain and maintain valid work permits for participants under the age of 18 as required.
- Three (19%) contractors allowed participants under the age of 18 to work past the allowable timeframes permitted by California Labor Laws.
- One (6%) contractor allowed a participant under the age of 18 to perform work prohibited by California Labor Laws.
- One (6%) contractor did not prepare their Cost Allocation Plan in compliance with the County contract.
- Two (13%) contractors that received cash advances did not maintain their cash advances in a separate, Federal Deposit Insurance Corporation insured, interest bearing account as required.
- Five (31%) contractors did not always obtain criminal record clearances for ECF SYEP employees as required.

In addition, the worksites used by the ECF SYEP contractors did not always comply with ECF SYEP requirements. Specifically, of the 65 worksites visited:

- Twenty-three (35%) worksites did not maintain required documentation such as worksite agreements, job descriptions, time sheets, work readiness evaluations and/or the listing of participants.
- Five (8%) worksites were not monitored by the Contractors.

- Seven (11%) worksites allowed participants to perform duties for activities that were prohibited by the County contract (e.g., working at a swimming pool, water park or golf course).
- One (2%) worksite supervisor did not attend a required orientation for ECF SYEP supervision and program requirements.
- Eight (12%) worksites did not ensure required posters, such as the minimum wage poster, pay day notice, Cal/OSHA rules and regulations notice, worker's compensation, discrimination notice, and state disability and unemployment insurance notice, were posted in clear view.
- Nine (14%) worksites were not always in compliance with health and safety regulations (e.g., no evacuation plan, no exit signs, fire extinguishers not serviced, loose wires, unsafe stairways, etc.).
- One (2%) worksite supervisor did not provide an orientation to the participants.
- Four (6%) worksites did not provide required breaks to participants in compliance with California Labor Laws.

Attachment I summarizes the findings for each service provider that provided ECF SYEP services from May through September 2010. Attachment II summarizes the findings for each worksite visited during August and September 2010.

Review of Report

We discussed our findings with CSS and the ECF SYEP service providers. CSS will issue a separate response to your Board on the actions they have taken to resolve the issues noted in our review. Because of the number of service providers, copies of individual reports were not enclosed but are available for your review. Please call me if you have any questions, or have your staff call Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:AA

Attachments

- c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Philip L. Browning, Director, Department of Public Social Services
Public Information Office
Audit Committee

Community and Senior Services
ECF SYEP Contract Reviews – Summary of Findings
May through September 2010

Attachment I

#	Contractors	Amount Paid	# of Recos.	Findings												
				A	B	C	D	E	F	G	H	I	J	K (2)	Total	
1	Asian American Drug Abuse Program, Inc.	\$ 191,000	2			X				N/A	X				\$ -	
2	Catholic Charities of Los Angeles, Inc.	\$ 1,035,000	6	X		X	X	X		N/A			\$ 1,026		\$ 1,026	
3	City of Compton - Compton Careerlink	\$ 663,000	1				X			N/A					\$ -	
4	Communities In Schools	\$ 539,000	0							N/A					\$ -	
5	Door of Hope Community Center, Inc.	\$ 872,000	3						X			\$ 902		\$ 4,793	\$ 5,695	
6	Goodwill Industries of Southern California	\$ 949,000	0							N/A					\$ -	
7	H.S. Consortium of the East San Gabriel Valley dba LA WORKS	\$ 1,942,000	6							X	X		(1)	\$ 27,854	\$ 27,854	
8	Hub Cities Consortium	\$ 907,000	1							N/A	X				\$ -	
9	Jewish Vocational Services	\$ 123,000	0							N/A					\$ -	
10	Los Angeles County Office of Education	\$ 629,000	1		X					N/A					\$ -	
11	Maravilla Foundation	\$ 143,000	0							N/A					\$ -	
12	Mexican American Opportunity Foundation	\$ 470,000	2	X			X			N/A					\$ -	
13	Southeast Area Social Services Funding Authority	\$ 1,285,000	0												\$ -	
14	Special Services for Groups	\$ 892,000	4							N/A			\$ 493	(3)	\$ 493	
15	Watts Labor Community Action Center	\$ 421,000	2			X					X				\$ -	
16	West San Gabriel Valley Consortium dba Career Partners-Rosemead	\$ 1,622,000	5							(4)	X	\$ 3,281			\$ 3,281	
TOTAL		\$12,683,000	33									\$4,183	\$ 1,519	\$ 32,647	\$38,349	

Code Summary

- A** Worksite Supervisors Manuals were not prepared in compliance with the County contract.
- B** Worksite monitoring results were not always documented.
- C** Valid work permits for participants under the age of 18 were not obtained and maintained.
- D** Contractor allowed participants under the age of 18 to work passed the allowable timeframes permitted by California Labor Laws.
- E** Contractor allowed a participant under the age of 18 to perform work prohibited by California Labor Laws.
- F** Contractor's Cost Allocation Plan was not prepared in compliance with the County contract.
- G** Cash advances were not maintained in a separate FDIC-insured, interest bearing account as required.
- H** Criminal record clearances were not obtained for all ECF SYEP employees as required.
- I** Expenditures charged to ECF SYEP were unallowable.
- J** Expenditures charged to ECF SYEP were not supported by appropriate documentation.
- K** Allocation methods used to allocate shared program costs to ECF SYEP were inappropriate or unsupported.

Footnotes

- (1) The contractor overpaid three employees and underpaid one employee for the payroll period reviewed. We recommended that the contractor work with CSS to review and correct all payroll costs charged during the contract term and repay any overbilled amounts.
- (2) Questioned costs were determined based on a sample period. We recommended that the contractors review and reallocate shared non-payroll costs charged during the contract term, provide CSS with supporting documentation and repay any overbilled or unsupported amounts.
- (3) The contractor used an inappropriate method to allocate \$493 in unsupported costs.
- (4) The contractor overbilled CSS for July 2010 by \$459,000. CSS allowed the contractor to maintain the \$459,000 as a cash advance. However, the contractor did not maintain the advance in a separate, FDIC-insured, interest-bearing account.

Community and Senior Services
ECF SYEP Worksite Visits – Summary of Findings
August and September 2010

Attachment II

#	Contractors	# of Worksites Visited	# of Worksites Per Finding								Total Findings
			A	B	C	D	E	F	G	H	
1	Asian American Drug Abuse Program, Inc.	2					1	2			3
2	Catholic Charities of Los Angeles, Inc.	3	2		1		2	2			7
3	City of Compton - Compton Careerlink	3	2	1	1						4
4	Communities in Schools	2			1						1
5	Door of Hope Community Center, Inc.	3	1		1		1				3
6	Goodwill Industries of Southern California	3		1		1				1	3
7	H.S. Consortium of the East San Gabriel Valley dba LA WORKS	12		1	1			1		1	4
8	Hub Cities Consortium	4	3				2			1	6
9	Jewish Vocational Services	1	1								1
10	Los Angeles County Office of Education	3		1							1
11	Maravilla Foundation	1									-
12	Mexican American Opportunity Foundation	3	1							1	2
13	Southeast Area Social Services Funding Authority	8	5		1			1			7
14	Special Service for Groups	3	2								2
15	Watts Labor Community Action Center	4	3		1		2	1			7
16	West San Gabriel Valley Consortium dba Career Partners - Rosemead	10	3	1				2	1		7
TOTAL		65	23	5	7	1	8	9	1	4	58
% OF TOTAL WORKSITES PER FINDING CATEGORY			35%	8%	11%	2%	12%	14%	2%	6%	

Code Summary

- A** Required documentation, such as worksite agreements, job descriptions, time sheets, work readiness evaluations and/or the listing of participants, were not maintained at the worksite.
- B** Contractor did not monitor the worksites.
- C** Participant duties included disallowed activities (e.g., working at a swimming pool, water park or golf course).
- D** Worksite supervisor did not attend a required orientation for SYEP supervision and program requirements.
- E** Required postings, such as the minimum wage poster, pay day notice, Cal/OSHA rules and regulations notice, worker's compensation, discrimination notice, and state disability and unemployment insurance notice, were not all posted in clear view.
- F** Worksites were not always in compliance with health and safety regulations (e.g., no evacuation plan, no exit signs, fire extinguishers not serviced, loose wires, unsafe stairways, etc.).
- G** Worksite supervisor did not provide an orientation to the participants.
- H** Worksite did not provide participants with required breaks in compliance with the California Labor Laws.